

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

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PLR-106140-07

Date:

February 22, 2007

Legend

F1 =

F6 =

F7 =

F37 =

Acquiror =

Business A =

Date 1 =

Newco 1 =

Newco 2 =

Newco 3 =

Parent =

mm =

nn =

oo =

pp =

qq =

rr =

Dear :

This letter responds to a January 31, 2007 request that we supplement our letter ruling dated November 30, 2006 (PLR-143542-06) (the "Original Letter Ruling"). Capitalized terms not defined in this ruling retain the meanings assigned them in the Original Letter Ruling.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. Although this office has not verified any of the material submitted in support of the requested ruling, it is subject to verification on examination.

Facts

The Original Letter Ruling concerned a series of transaction steps relating to the restructuring and disposition of Business A by Parent, its direct and indirect subsidiaries, and certain joint ventures with third parties. The disposition of Business A to affiliates of Acquiror as described in the Original Letter Ruling (the "Sale") was completed on Date 1.

At the time of the Sale, and at all times thereafter until the date hereof, F1 has held all of the stock of Newco 1 (through disregarded entities F6 and F7) and F37 has held all of the stock of Newco 2 and Newco 3. In the Sale, Newco 1 received proceeds of approximately \$mm, Newco 2 received approximately \$nn and Newco 3 received approximately \$oo. Each Newco lent its proceeds to other direct and indirect subsidiaries of Parent, for a pp-month term in the case of Newco 1 and for a qq-month term in the case of Newco 2 and Newco 3.

Parent has determined that certain costs other than U.S. federal income taxes may be reduced if each Newco distributes, rather than lends, a portion of its proceeds to its shareholders.

Newco Distributions

Parent proposes that, at the end of the term of the outstanding loans to Parent Affiliates, each Newco will distribute to its shareholders a portion of the proceeds of the Sale to the extent such proceeds exceed approximately \$rr (the “Newco Distributions” and together with the transaction described in the Original Letter Ruling, the “Proposed Transaction”).

Representations

In connection with its request for supplemental rulings, the taxpayer reaffirms, as of the date of the Sale, the representations made in connection with the Original Letter Ruling.

Rulings

Based solely on the information and representations submitted, we rule as follows with respect to the Proposed Transaction:

(1) The Newco Distributions will not affect any ruling contained in the Original Letter Ruling, the F Reorganizations will continue to constitute reorganizations within the meaning of § 368(a)(1)(F) of the Internal Revenue Code (“Code”), and the Original Letter Ruling will remain in full force and effect.

(2) Each Newco Distribution will be governed by § 301. Treas. Regulation § 1.301-1(l) (“Regulations”). Accordingly, (i) F1 and F37 will treat the Newco Distributions received as dividends with respect to each outstanding share of Newco 1 and Newco 2 and Newco 3, respectively, to the extent of their respective earnings and profits (§§ 301(c)(1) and 316(a)), (ii) any portion of the Newco Distributions that is not a dividend shall be applied to reduce the basis of each share of stock of Newco 1, Newco 2, and Newco 3, as appropriate (§ 301(c)(2)), and (iii) any portion of the Newco

Distributions that is not a dividend, to the extent it exceeds the adjusted basis of such stock, shall be treated as gain from the sale or exchange of property (§ 301(c)(3)).

Caveats

No opinion is expressed about the federal income tax treatment of the Proposed Transaction under other provisions of the Code or Regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transaction that are not specifically covered by the Original Ruling Letter or the above rulings.

Procedural Statements

The Original Ruling Letter and this supplemental ruling are directed only to the taxpayer who requested them. Section 6110(k)(3) of the Code provides that they may not be used or cited as precedent. A copy of the Original Ruling Letter and this supplemental ruling must be attached to any income tax return to which they are relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their returns that provides the date and control numbers of the letter rulings.

In accordance with the power of attorney on file in this office, a copy of this supplemental ruling will be sent to your authorized representative.

Sincerely,

Lewis K Brickates
Chief, Branch 4
Office of Associate Chief Counsel (Corporate)